

Message Text

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PAGE 01 OECD P 14336 01 OF 03 141414Z
ACTION EUR-12

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LIMITED OFFICIAL USE SECTION 01 OF 03 OECD PARIS 14336

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TAGS: AORG, OECD, NATO
SUBJECT: OECD SEC-GEN REQUESTS RECONSIDERATION OF
U.S. POSITION ON SALARIES

REFS: (A) STATE 85051 (B) OECD PARIS 14335

1. IN PREPARATION FOR COUNCIL DISCUSSION OF SALARY
QUESTION CURRENTLY SCHEDULED FOR TUESDAY, MAY 17, OECD
SECRETARY-GENERAL VAN LENNEP HAS BEEN CALLING IN HEADS
OF KEY DELEGATIONS TO ASK THEM TO GET HIS POLICY POINTS
ACROSS TO APPROPRIATELY HIGH LEVELS IN CAPITALS. TODAY
HE CALLED ME IN AND MADE THE FOLLOWING OBSERVATIONS.

2. AT THE TIME THE SYSTEM FOR SETTING PROFESSIONAL
LEVEL SALARIES IN THE COORDINATED ORGANIZATIONS WAS
ADOPTED, THE OECD COUNCIL AFTER A GOOD DEAL OF DIS-
CUSSION INTRODUCED AN ELEMENT OF FLEXIBILITY IN AN
OTHERWISE RIGID CEILING SET BY THE FORMULA FOR SAMPLING
MEMBER COUNTRY SALARIES. THIS FLEXIBILITY WAS THE
RECOGNITION THAT EXCEPTIONAL CIRCUMSTANCES MIGHT OCCUR
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PAGE 02 OECD P 14336 01 OF 03 141414Z

THAT WOULD WARRANT DEPARTING FROM THE FORMULA CONTAINED
IN THE 133RD CCG REPORT. THE SECRETARY GENERAL WENT
ON TO SAY THAT HE HAD HOPED THAT THERE WOULD BE NO NEED
IN PRACTICE TO DEPART FROM THE FORMULA AND THAT THE
SAMPLE SET DOWN THEREIN WOULD INDEED BE GENUINELY
REPRESENTATIVE. UNFORTUNATELY, HE SAID, ON THE FIRST
OCCASION THAT THE SAMPLE IS INVOKED, IT DOES NOT PRODUCE

REASONABLE RESULTS. HIS ARGUMENT IS BASED ON THE FACT SET FORTH IN C(77)59 THAT THE BRITISH AND ITALIAN EXPERIENCES DEPART FROM THE AVERAGE OF THE SAMPLE TO SUCH A DRASTIC DEGREE AS TO SKEW THE RESULTS AND IN FACT MAKE THE SAMPLE QUITE UNREPRESENTATIVE FROM A STATISTICAL POINT OF VIEW.

3. IN RESPONSE TO MY POINTING OUT THAT NONE OF THE GOVERNMENTS REPRESENTED AT CCG, INCLUDING MY OWN, FELT THAT "EXCEPTIONAL CIRCUMSTANCES" EXISTED, EITHER IN THE SENSE OF UNDUE HARDSHIP TO PERSONNEL OR RECRUITMENT DIFFICULTIES, VAN LENNEP CAME BACK TO HIS CENTRAL POINT THAT THE CONCEPT OF "EXCEPTIONAL CIRCUMSTANCES" WAS BASED ON WHETHER IN FACT CIRCUMSTANCES EXISTED WHICH MADE THE SAMPLE STATISTICALLY UNREPRESENTATIVE FROM THE POINT OF VIEW OF THE OBJECTIVE IT WAS SET UP TO ACHIEVE. ALTHOUGH THE STAFF ASSOCIATIONS REJECT THE CONCEPT OF HAVING THEIR SALARIES TIED TO THE LEVELS OF PUBLIC SERVICE SALARIES IN THE MAJOR COUNTRIES, HE FEELS HE CAN DEFEND THIS PRINCIPLE PROVIDED IT IS APPLIED INTELLIGENTLY. TO DO THIS WOULD REQUIRE CORRECTING THE FORMULA TO MAKE THE SAMPLE TRULY REPRESENTATIVE.

4. THE EXTREME CASES OF UK AND ITALY DEVIATE FROM THE TREND OF NATIONAL CIVIL SERVICE REAL NET SALARIES OF ALL OTHER EEC COUNTRIES, AND ALSO OF THE U.S. AND CANADA, BY APPROXIMATELY 20 PERCENT AT THE A6/A7 LEVEL. HAD THE EXTREME CASES MERELY BEEN ELIMINATED FROM THE SAMPLE, REAL INCREASES OF THE ORDER OF 2.4 PERCENT WOULD HAVE LIMITED OFFICIAL USE

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PAGE 03 OECD P 14336 01 OF 03 141414Z

BEEN CALLED FOR. HOWEVER, IN ORDER TO HELP MEET MEMBER GOVERNMENTS' DESIRE TO MINIMIZE SALARY INCREASES IN INTERNATIONAL ORGANIZATIONS, THE SECRETARIES-GENERAL PROPOSED A COMPROMISE FORMULA WHICH CALLS FOR A 3 PERCENT DECREASE IN REAL WAGES FOR THE A6/A7 GRADES. THIS RESULT WOULD BE COMPARED TO A 4.6 REDUCTION IN REAL WAGES IF THE FORMULA WAS APPLIED WITHOUT THE SMALL ADJUSTMENTS THAT THE SECRETARIES-GENERAL SEEK.

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PAGE 01 OECD P 14336 02 OF 03 141414Z
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O R 141202Z MAY 77
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LIMITED OFFICIAL USE SECTION 02 OF 03 OECD PARIS 14336

5. AS FOR MY POINT THAT THERE HAD BEEN NO DIFFICULTIES
IN RECRUITING, VAN LENNEP POINTED OUT THAT THE SALARY OF
A BRITISH FOREIGN SERVICE OFFICER HAD TO BE "TOPPED OFF"
IN ORDER FOR HIM TO BE SECONDED TO A MIDDLE LEVEL GRADE
ON HIS STAFF. IT IS VIRTUALLY IMPOSSIBLE TO HIRE DUTCH
NATIONALS FOR THE OECD AND OTHER NATIONALITIES HAVE TO
BE RECRUITED AT THE TOP STEP OF THE GRADE LEVEL, A
PRACTICE WHICH MASKS AN INFLATION IN GRADES AND IS
HIGHLY RESENTED BY THE ESTABLISHED STAFF. (WE ARE
RUNNING INTO THIS PROBLEM IN CURRENT DISCUSSIONS ON THE
RECRUITMENT OF AN AMERICAN, WELL-KNOWN TO THE WASHINGTON
ECONOMIC COMMUNITY, WHO IS THE IDEAL CANDIDATE FOR A
SENSITIVE JOB IN THE SECRETARIAT BUT WHO FINDS THAT
UNLESS HE IS TAKEN IN AT THE VERY TOP OF THE A.5 GRADE,
HE SIMPLY CANNOT AFFORD TO LEAVE HIS CURRENT SENIOR
WASHINGTON POSITION.) NOR, VAN LENNEP SAID, WAS HE
APPLYING THE TIRED AND WORN ARGUMENT OF COMPARING OECD
SALARIES WITH THOSE OF THE EC ALTHOUGH HE DID POINT OUT
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PAGE 02 OECD P 14336 02 OF 03 141414Z

THAT BOB MCNAMARA, AS A RESULT OF A STUDY THAT THE
WORLD BANK IS PERFORMING ON COMPARATIVE SALARY LEVELS
IN INTERNATIONAL ORGANIZATIONS, ASKED HIM HOW THE
OECD COULD POSSIBLY EXIST WITH SALARY LEVELS 20 PERCENT
BELOW THOSE OF THE EC. THE POINT VAN LENNEP KEPT
COMING BACK TO WAS THAT EXCEPTIONAL CIRCUMSTANCES HAD
DISTORTED THE SAMPLE AND IN ORDER TO MAKE THE PRINCIPLE
OF THE 133RD REPORT WORK THE WAY GOVERNMENTS INTENDED

IT TO WORK, ADJUSTMENTS HAD TO BE MADE IN THE STATISTICAL SAMPLE TO MAKE IT TRULY REPRESENTATIVE.

6. AS HE TOLD ME THAT THE AMBASSADORS OF THE COUNTRIES WITH WHOM HE HAD DISCUSSED THIS HAD PROMISED TO TAKE THE MATTER BACK TO CAPITALS, I OF COURSE ASSURED HIM THAT I WOULD DO THE SAME THING ALTHOUGH I DID NOT GIVE HIM ANY REASON TO BELIEVE THAT THE U.S.G. WOULD BE MORE FORTHCOMING THAN ANY OTHER GOVERNMENT.

7. COMMENT: THERE ARE SEVERAL POINTS TO BE CONSIDERED IN EVALUATING VAN LENNEP'S PITCH WHICH IS A SIMPLIFIED AND DIRECT WAY OF ASSERTING WHAT HAS BEEN STATED BEFORE IN THE DOCUMENT PREPARED BY THE SECRETARIES-GENERAL. (C(77)59.) OBVIOUSLY IT IS AN ARGUMENT CALCULATED TO ACHIEVE A CERTAIN RESULT AND NOT ONE SIMPLY DESIGNED TO ACHIEVE STATISTICAL VALIDITY. ON THE OTHER HAND, HIS ARGUMENT DOES REPRESENT AN ACCEPTANCE BY THE SECRETARIES-GENERAL IN OPERATIONAL TERMS OF THE PRINCIPLE OF TYING PROFESSIONAL SALARIES IN THE COORDINATED ORGANIZATIONS TO THE LEVEL OF PUBLIC SERVICE SALARIES AND IT ACCEPTS A REAL REDUCTION IN INCOME AS A RESULT OF APPLYING THEIR CORRECTIONS. IN MY VIEW, IF WE WERE TO GO ALONG WITH THE SECRETARY-GENERAL'S ARGUMENT, WE WOULD BE DOING A LOT MORE TO HARDEN THE IMPORTANT PRINCIPLES THAT WE WERE PURSUING IN THE 133RD REPORT THAN BY INSISTING AGAINST BOTH THE SECRETARY-GENERAL AND THE STAFF ASSOCIATION ON A RIGID APPLICATION OF THAT FORMULA.

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PAGE 03 OECD P 14336 02 OF 03 141414Z

8. THE REASON FOR THAT IS THAT THE SECRETARIES-GENERAL ARE MANAGERS WHOM GOVERNMENTS HAVE HIRED TO DO A CERTAIN JOB WHICH INCLUDES MANAGING THE STAFFS OF THE ORGANIZATIONS. IF WE TREAT THEIR PLEAS AS

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PAGE 01 OECD P 14336 03 OF 03 141420Z
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O R 141202Z MAY 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6651
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LIMITED OFFICIAL USE SECTION 03 OF 03 OECD PARIS 14336

MERELY BEING REPRESENTATIVE OF THE INTEREST OF THE STAFF
AND THUS TO BE REJECTED OUT OF HAND, WE ARE LIKELY TO
MOVE VERY QUICKLY INTO A POSITION UNDER WHICH GOVERN-
MENTS WILL HAVE TO DEAL WITH THE STAFFS DIRECTLY OR TRI-
LATERALLY, A DEVELOPMENT WHICH I BELIEVE SHOULD BE
AVOIDED. BY ACCEPTING THE PITCH MADE BY THE SECRETARIES-
GENERAL IN ITS OWN TERMS AS A SOMEWHAT MORE INTELLIGENT
(IF GENEROUS) WAY OF APPLYING THE PRINCIPLES THAT
GOVERNMENTS HAVE LAID DOWN, WE STRENGTHEN THEIR ROLE AS
MANAGERS AND THEIR ABILITY TO DEAL WITH THE STAFFS,
WHICH IS ESSENTIAL TO PROPER FUNCTIONING OF ANY ORGANI-
ZATION.

9. FINALLY, FROM A STRICTLY AMERICAN POINT OF VIEW, IT
WOULD SEEM THAT THE SECRETARIES-GENERAL PROPOSALS
PROVIDE FOR SALARY INCREASES IN REAL TERMS ALMOST
IDENTICAL TO THE REAL INCOME ADJUSTMENTS OF AMERICAN
PUBLIC SERVANTS AND CAN IN THOSE TERMS BE DEFENDED ON
THE HILL.

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PAGE 02 OECD P 14336 03 OF 03 141420Z

10. FOR THESE REASONS I URGE THE DEPARTMENT TO GIVE
VAN LENNEP'S ARGUMENTS CAREFUL CONSIDERATION AT LEAST
TO THE EXTENT OF HAVING THEM REMANDED FOR FURTHER STUDY
BY SOME APPROPRIATE PROCEDURE. IN THIS REGARD IT IS
UNFORTUNATE THAT THE CCG FELT COMPELLED YESTERDAY TO
COMMENT IN ADVANCE OF COUNCIL CONSIDERATION ON THE
MERITS OF THE SECRETARY GENERAL'S PROPOSAL. HOWEVER,
THERE SHOULD BE AN APPROPRIATE PROCEDURE AVAILABLE AT
LEAST TO JUDGE THE MERITS OF THE SECRETARIES-GENERAL'S
ASSERTION ON THEIR OWN TERMS EITHER BY REMANDING TO THE
CCG OR BY SETTING UP A SPECIAL STATISTICAL WORKING

PARTY.
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